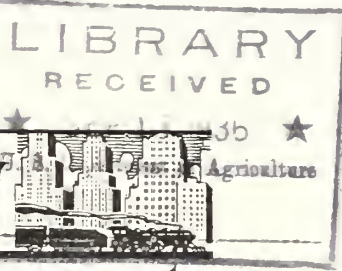


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Better Marketing



Division of Marketing and Marketing Agreements

• • AGRICULTURAL • ADJUSTMENT • ADMINISTRATION • •

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PEAR MARKET PLAN AID TO CALIFORNIA GROWERS

Marketing Agreement Program Improved Bartlett Growers' Returns Through Preventing Market Gluts

With over 3,000 cars of Bartlett pears shipped from California and with concentration points now cleared, the 1936 marketing season of California Bartlett pears is practically completed. Preliminary estimates indicate that prices received by growers for Bartlett pears shipped for fresh consumption during the current season will be within a few cents of the price received in the 1935 season, which, and in view of the larger volume of pears shipped to fresh markets this year, will mean increased returns to growers for Bartlett pears marketed fresh.

California is the most important pear-producing State in the United States, contributing over 40 percent of the total United States pear production during the past 5 years. The 1936 pear crop in California is estimated to be 236,000 tons, which is 45 percent larger than the 1935 crop and more than 10 percent larger than average production during the past 5 years.

Shipments Adjusted

California is the earliest pear-shipping State in the United States, its shipments usually beginning late in June and dominate the eastern markets for the first 5 or 6 weeks of the shipping season. Shipments reached a volume of 25 cars per day by July 1 of the current season, and 1,000 cars had been moved by July 18.

Two provisions of the marketing agreement and order regulating the shipment of California fresh deciduous tree fruits were employed by growers and shippers in achieving a more orderly marketing of the fruit during the current season. A grade and size regulation was adopted on June 28, effective for the entire season, permitting only Bartlett pears of U. S. No. 1 grade and of a size 180 per standard box and larger to be shipped in interstate commerce. Through this regulation it was possible for the industry to prevent the movement of small, immature Bartlett pears, which are usually shipped early in the season and have an adverse effect on the market.

Regulation of total shipments leaving California each day was instituted this year for the third consecutive season as a means of adjusting the volume of daily shipments. There were also three loading "holidays" established to supplement

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Public Hearing Will Consider Walnut Agreement Amendments

Proposed amendments to the marketing agreement and order for handlers of walnuts grown in California, Oregon, and Washington will be considered at a public hearing to be held September 8 at the University of California, Berkeley, Calif.

Suggested by the walnut control board which is in charge of administering the marketing program, the amendments are the result of conferences held by the board with representatives of walnut industry groups and the Agricultural Adjustment Administration. The proposed amendments are designed to modify the walnut-marketing agreement program in the light of operating experience.

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OPERATIONS START UNDER FLORIDA CITRUS PACT

Grapefruit Grade and Size Regulation Is First Issued Under Florida Citrus Agreement and Order

Adjusting shipments of Florida citrus fruits more nearly in accordance with market requirements as a means of maintaining returns to growers, has been undertaken by the Florida citrus industry this season through a grade and size regulation for grapefruit, issued by the Acting Secretary of Agriculture.

The regulation, issued under the provisions of the marketing agreement and order in effect for the first season for Florida citrus fruit, is designed to limit shipments of Florida grapefruit in interstate and foreign commerce in the United States and Canada for the period beginning September 1 to September 6, to grades higher than U. S. No. 3 and to sizes meeting the requirements for standard pack 80 or larger, providing that not more than 10 percent of the total quantity of grapefruit shipped by any handler may be of standard size 96.

Recommended by the control committee in charge of administering the Florida citrus marketing agreement program, the grade and size regulation for grapefruit seeks to eliminate unrestricted shipment of the inferior grades and small sizes of fruit which have a detrimental effect on prices and returns to growers. The grade and size regulation is expected to encourage growers to leave small sized fruit on trees for additional growth, thus improving the quality of fruit shipped to market.

The marketing agreement and order under which the grade and size regula-

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MIXED FACTORS RULE POULTRY SITUATION

Current Conditions Affected By Drought Brings Shift in Industry's Plans, Poultry Section Reports

Factors affecting the poultry industry, although mixed, are on the whole and from the longer-time point of view likely to result in a more favorable situation for poultrymen than had been anticipated some months ago, according to the Poultry Section.

The decline in poultry prices and the advance in egg prices, expected as a result of drought conditions and higher feed prices, appeared to have materialized to a slight extent during the period from the middle of July to the middle of August.

This trend, however, did not continue during the last half of August. New York wholesale price reports show that poultry prices during the past 2 weeks remained relatively firm, while egg prices declined contrary to the normal seasonal change. The supply of eggs has been unexpectedly large.

Receipts of eggs at the principal markets are not expected to continue large in relation to receipts last year during the fall months, although weather conditions may have an important, though unpredictable, effect. Present indications are that hens and pullets will continue to be marketed until egg prices are more nearly in line with higher feed costs. Some further tendency may be anticipated for egg prices to advance in relation to poultry prices and for a gradual correction of the present unfavorable egg-feed ratio.

Favorable Factors Listed

Sustained consumer demand for eggs, small cold-storage holdings, and the reduction in size of flocks and rate of lay resulting from the short supply of feed are among the favorable factors in the situation confronting the poultry industry, according to the Poultry Section.

Trade output figures at the four principal egg markets of the country indicate the sustained consumer demand for eggs. Although these output figures were during August slightly under those for 1935, they have been consistently above 1935 during all the previous months of this year. Consumer demand for eggs has been aided by the increase in business and industrial activity which has taken place.

Cold-storage holdings of shell eggs, estimated on August 22 by the Umer-Barry Co., were 483,000 cases under 1935, and 973,000 cases below the 5-year aver-

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JESSE W. TAPP, *Director*

BETTER MARKETING is issued as a means of communicating to workers and cooperators of the Division of Marketing and Marketing Agreements information relative to the Division's activities under the Agricultural Adjustment Act and related Acts.

UNITED STATES DEPARTMENT OF
AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

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POULTRY SITUATION

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age for that date. Probable profits on this year's storage operations are expected to have a favorable influence on the demand for storage eggs next spring.

The short supply of feed which has resulted from the drought is expected to be reflected in somewhat smaller flocks and a lower rate of lay. A resulting advance in egg prices may improve the present unfavorable relationship which exists between the price of eggs and the price of feed. The New York State Department of Agriculture reports that the number of dozens of eggs needed to pay for 100 pounds of feed in the Rochester-Syracuse area on August 20 was 8.6, compared to 5.9 on the same date in 1935. The United States Department of Agriculture reports that in the Chicago area the egg-feed ratio on August 15 was 8.23, compared to 5.73 on the same date a year ago.

Largely as a result of drought conditions, marketings of poultry from laying flocks have increased. Receipts of chickens at central packing plants on July 18 were nearly double the receipts on the same date a year ago. On August 1, receipts were about three-quarters more than on the same date in 1935. On August 22, receipts were reported to be 38 percent over receipts on that date last year.

Unfavorable Factors

Adverse factors in the immediate situation include the increase in current supplies of eggs on markets, the wide margin between wholesale and retail prices, and the depressing effect which distress marketings of all forms of livestock may have on poultry meat prices. From the longer time point of view, the adverse factors in the poultry situation arise from the trend toward increased commercial production, the rapid increase in storage holdings of poultry meats, and the fact that marketings of poultry as a result of high feed prices and drought may not offset the entire increase in chicks hatched in 1936, particularly in commercial flocks.

Fresh eggs have been coming into markets in considerable volume. Measured by receipts at four markets, receipts of fresh eggs for the week ending August 22 totaled 233,000 cases as compared to 161,000 cases received during the same week in 1935. Heavy receipts

have naturally resulted in slower movements of eggs out of cold storage. This is indicated by the weekly changes in storage stocks, which for the week ending August 23 were 35,000 out as compared to 132,000 cases out for the same week last year.

The widening of the margin between wholesale and retail egg prices has had the effect of discouraging an increase in consumption. This margin as reported by New York City chain stores on August 24 for loose-mixed eggs was 8.3 cents per dozen as compared to 4.55 cents per dozen at the same time a year ago.

The long-time trend toward increased poultry production is quite noticeable in the commercial area. Production reports show that increases in size of laying flocks have taken place principally in the Eastern and Pacific coast areas of the United States where the majority of commercial poultry farms are located.

The hatchery report for July indicated that salable chicks hatched increased 25 percent over last year. This increase, particularly in commercial flocks, will probably not be entirely offset by the heavy marketing of poultry. The rise in poultry marketings has resulted in a sharp increase in storage holdings of poultry which on August 22 was estimated by the Urner-Barry Co. at 22,580,000 pounds over last year, and 19,900,000 pounds above the 5-year average of storage holdings.

FLORIDA CITRUS

(Continued from p. 1)

tion for grapefruit was issued became effective last May for handlers of Florida oranges, grapefruit, and tangerines. In addition to grade and size regulations, the agreement and order contain provisions under which regulations may be issued to adjust the total quantity of fruit shipped to market from that State.

Will Help Growers

With a marketing agreement program already in operation for oranges and grapefruit grown in California and Arizona, and the Florida program just getting under way, the movement to market of over 90 percent of the combined production of oranges and grapefruit in the United States may be adjusted more nearly in accordance with market requirements so that returns to growers may be improved.

That marketing agreement programs this year will be an important factor in aiding growers in the marketing of fruit to greater advantage is indicated by preliminary reports which indicate a considerable increase in the production of citrus fruits this season. The reported condition of the orange crop on August 1 of this year averaged 74 percent of normal compared with 70.5 percent on the same date last year, and an average of 74.7 percent during the 5-year period 1930-34. This season's crop of oranges is likely to be considerably larger than the 1935-36 production. The nearly average condition of oranges on August 1 and the increasing bearing acreage and increased producing capacity of trees which were already bearing last year are important factors in this connection.

The August 1 condition of grapefruit was reported at 71 percent of normal

D. C. MILK AGREEMENT TENTATIVELY APPROVED

Marketing Plan Submitted to Industry Seeks to Improve Selling Conditions For Local Dairymen

A marketing agreement for handlers of milk in the District of Columbia marketing area, tentatively approved by the Secretary of Agriculture, has been submitted to handlers for signature while producers are being requested to indicate whether they favor the issuance of an order embodying its provisions.

Designed to stabilize and improve marketing conditions in the interests of producers, consumers, and handlers of milk in the District of Columbia area, the marketing agreement program would continue the existent level of prices to producers and require all handlers to pay uniform prices for milk bought from producers. The marketing agreement does not involve prices which consumers would pay for milk bought from handlers.

In tentatively approving the proposed agreement, the Secretary pointed out that since the agreement does not raise the level of prices to producers there is no justification for any increase in prices charged to Washington consumers for milk or cream. It was also stated that every effort would be made to see that this program does not become instrumental in advancing prices to consumers.

Main Provisions

The principal provisions of the tentatively approved agreement relate to (1) the classification of milk into two classes according to use by handlers, (2) the establishment of minimum prices which handlers would be required to pay producers for milk bought and of a differential for butterfat content and premiums which handlers would pay producers for quality milk meeting definite health department scores, (3) the equitable distribution of returns to producers through a market-wide pool and a basing plan, and (4) administration of the program through a market administrator whose powers and duties are defined.

Under the terms of the marketing agreement program, each producer throughout the market would, for the remainder of this year, be allotted as a base 75 percent of his deliveries during the 3 months of October, November, and December in 1935. Producers would receive for the quantity of milk represented by

(Continued on p. 4)

compared with 53.4 percent on August 1 last year, and an average of 68.3 percent in the 5-year period 1930-34. In view of the improved condition and the increase in bearing acreage, a considerable increase in this season's grapefruit crop may be expected.

Weather conditions after August 1 have an important bearing on the season's total production of citrus fruits. Relatively good prospects on that date may be materially reduced by hurricanes, winter freezes, and other adverse conditions. Unusually favorable growing conditions after August 1 may result in an increase in total production.

PROGRAM TO CONSERVE SEED SUPPLIES BEGINS

Federal Surplus Commodities Corporation Supervises Purchases to Save Seed for Drought Areas

A seed-purchase program to conserve, cure, and store seed stocks in order to avert a possible deficiency of certain varieties of spring wheat, durum wheat, oats, barley, and flax for planting in drought areas next spring is being supervised and underwritten by the Federal Surplus Commodities Corporation.

Actual purchases will be made through the Farmers National Grain Corporation, a farmers' cooperative marketing association. The facilities of other grain dealers also will be used in buying, storing, and otherwise handling of the seed stocks. Purchases will be made at regular markets and at market prices for the grade and quality of seed desired. Arrangements have been made with the Farm Credit Administration for the advance of not to exceed \$10,000,000 to the cooperative for the purchase of from 7,000,000 to 9,000,000 bushels of specified seeds. The seed acquired will be held over until next spring and then sold to farmers in drought sections.

Handling of the purchase operations by the cooperative, which has elevators and representatives in the principal cities in the grain-growing region affected by drought, will avoid the necessity and expense of setting up duplicate facilities for carrying out the program.

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WALNUT AMENDMENTS

(Continued from p. 1)

One of the provisions of the amendments would establish, for the crop year beginning September 1, 1936, and ending August 31, 1937, the saleable percentage of walnuts at 75 percent and the surplus percentage at 25 percent. At present the saleable percentage is 70 percent and the surplus percentage is 30 percent.

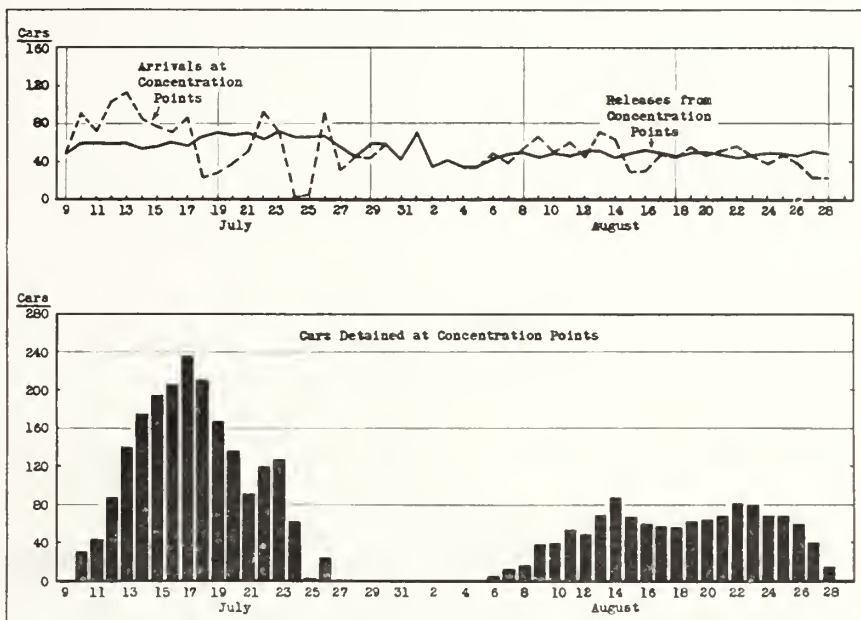
Another provision would establish two divisions of the regional walnut production area and in years when production in a division is abnormally low that division will be exempt from those provisions of the agreement and order which require delivery of surplus walnuts or cash instead to the control board. The State of California would be designated as one division and the States of Oregon and Washington would be designated as another.

To insure the removal of surplus walnuts and to provide for more equal distribution among packers of the burden of surplus control, a provision of the amendments would change the detail in methods by which packers meet their surplus obligation by delivering surplus walnuts or in lieu of these walnuts pay cash to the control board.

Other provisions of the amendments relate to selection of the control board, pack specifications, and clarification of certain existing provisions to facilitate administration of the program.

The marketing agreement program for California, Oregon, and Washington walnuts has been in operation during the last 3 years.

CALIFORNIA PEARS UNDER CAR CONCENTRATION PROGRAM



The upper diagram indicates how the daily volume of Bartlett pear shipments to market was evened out through the operations of the car concentration plan provided for in the marketing agreement program. Loading "holidays" which resulted in sharp declines in arrivals at concentration points made it possible for excessive supplies to be released for shipment. The lower illustration shows the number of cars detained daily at concentration points. From July 27 to August 5, arrivals at concentration points were less than the volume of daily shipments established under the regulation in effect during that period, consequently no cars were detained.

PEAR MARKETING PLAN

(Continued from p. 1)

the regulation of daily shipments. These were effective during July 16-17, July 22-23, and August 13-14 to prevent an undue piling up of supplies at the cold storage or railroad concentration points.

The volume of cars released from concentration points originally was set at 60 cars each day for the entire season. Excessive supplies and the simultaneous maturing of pears in several districts caused by hastened maturity necessitated an increase in shipments from concentration points to 70 cars daily on July 21. Purchases of pears by canners and more favorable maturing conditions soon decreased the volume of supplies available for fresh shipment and concentration points were cleared by July 26. With more normal maturity in the remaining shipping districts, after the first peak had passed, it was possible to establish the volume of shipments at 50 cars a day on August 6. This volume of 50 cars per day has been maintained for the remainder of the season, despite a small peak in shipments caused by the overlapping of the Placer and Lake County districts during the past 2 weeks.

Prices Aided

Eastern auction prices declined from an average of \$2.44 per box for the week ending July 17 to \$1.85 per box for the week ending July 31 as a result of the large available supplies of pears making

necessary the 70-car-per-day regulation, and heavy peach supplies which reached their peak during that week. It is quite apparent that without a regulation of daily shipments the volume of pears that would have moved at this period would have been large enough to bring about a serious glut in the markets and would probably have brought the level of eastern auction prices below direct marketing charges of approximately \$1.75 per box. The price of California Bartletts in eastern auction markets recovered with the decrease in the daily volume of shipments to around 50 cars per day, and averaged approximately \$2.50 a box during the last 2 weeks in August.

Purchases by the Federal Surplus Commodities Corporation for relief distribution, amounting to 230 cars, were instituted beginning July 22. These purchases removed a large volume that would have increased supplies at concentration points or in storage.

High Production Level Reported For Cheese and Evaporated Milk

Production of both cheese and evaporated milk is expected to continue on relatively higher levels than in earlier years, although it is rather uncertain whether the production of each of these products will be maintained on such high levels relative to butter production as in the last 2 years, according to the Dairy Section.

Bang's Disease Testing Records Show Progress Toward Eradication

The possibility of eradicating Bang's disease from herds on the initial and successive tests is indicated by records of test work in five Middle Western States which illustrate the progress being made in the elimination of this disease.

Recently figures were assembled by the Dairy Section on 2,801 herds containing 72,448 cattle, of which number 19,322, or 26.7 percent, were positive reactors to the Bang's disease test, and all herds contained infected animals.

On the first retest, 911 of these herds, or 32.5 percent, were found to be entirely negative. The remaining 58,761 cattle had 4,250 reactors, or an infection of 7.2 percent.

On the second retest, 1,182 herds, or 42.2 percent, of the original herds, were found to be entirely negative, and among the 58,848 animals tested there were 3,630 reactors, or an infection of 6.2 percent.

On the third retest, 1,879 herds, or 67.1 percent of the original herds, were found to be entirely negative; among the 59,228 cattle tested there were 1,602 reactors, or 2.7 percent infection.

On the third retest there still remained a herd infection of 24.7 percent, as compared with only a 2.7 percent animal infection. The contributing causes for the herd infection, on the third retest, are, primarily, unusually virulent initial infection, carelessness in the purchase of herd replacements, and unwarranted confidence in the health of cows passing a single negative test from an infected herd.

CONSERVE SEED SUPPLIES

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In many localities, especially in the northern grain-producing region, very little grain desirable for seed purpose has been harvested this year. Therefore, a reasonable supply of local seed reserves much of which would otherwise be fed or sold, and limited supplies from other areas less affected by drought, will be obtained and under the program held over until next spring.

In the administration of the program, every effort will be made to prevent any disturbance to the seed-grain industry which adequately serves the grain States in normal times.

The initial request for Government-directed seed purchases was made by representatives of grain producers, the grain industry, State extension services, and State college agronomists and others from the northern grain areas, at a conference held at St. Paul, Minn., in July. It was the opinion of the conference that no commercial concern or association in the grain industry nor a private agency could handle the program on the extensive scale necessary.

The grain obtained under the program will be stored in country elevators and at terminal grain centers strategically located for easy shipment to counties in which the seed will be needed. Specialists in the Bureau of Plant Industry will supervise the cleaning and determine the purity of the seed.

D. C. MILK AGREEMENT

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this base \$3.02 per hundredweight, or 26 cents per gallon, the remainder of the money accruing from class 1 and class 2 to be distributed as a uniform price for milk delivered by each producer in excess of his base.

The minimum price for class 1 milk, on which the price of \$3.02 per hundredweight is established for base milk, is specified in the tentatively approved agreement as being \$2.82 per hundred pounds delivered at the handler's plant, exclusive of any butterfat or quality premiums.

Each handler would be required to pay for class 2 milk the amount received by him for such milk or cream, as shown by the sworn invoices required to be filed with the market administrator, providing that the amount paid is not less than the equivalent of the standing offer of the Maryland-Virginia Milk Producers' Association to buy milk or cream for sale to manufacturers of ice cream sold at wholesale, on file with the market administrator on the invoice date.

Handlers To File Reports

Each handler would be required under the marketing-agreement program to file periodic reports with the market administrator showing among other things receipts, utilization, and sales of milk bought from producers during each delivery period. From these reports the market administrator would compute for each handler the value of milk received from producers, and compute and announce the uniform prices which all handlers would pay producers for all milk received in each delivery period.

Expenses in connection with the administration of the marketing agreement program would be borne by handlers on a pro rata basis. Each handler who is not an association of producers would pay to the market administrator not in excess of 2 cents per hundredweight on all class 1 milk handled during a delivery period.

The tentatively approved agreement provides for the allocation of bases to all producers on the market on the same level, and each producer is enabled to know how his base may be modified each year. Having been allotted a base at 75 percent of his 1935 fall deliveries, each year after 1936 the producer who delivers less than 125 percent of his base would have as his new base 80 percent of his deliveries; if he delivers during the fall months more than 125 percent, but not more than 133⅓ percent of his base, he would retain the same base unchanged for the succeeding year. If he delivers more than 133⅓ percent of his base, he and all other such producers would share proportionately all possible increase of base arising from loss of bases and increase in class 1 milk.

The importance of the District of Columbia as a milk-marketing area is indicated by the fact that during 1935 more than 24,000,000 gallons of milk was supplied by approximately 1,300 farmers within a radius of 50 miles. Approximately 90 percent of this milk was sold by producers through the Maryland-Virginia Milk Producers' Association, a co-operative sales organization with a membership of over 1,100 dairy farmers. Ap-

FOODSTUFFS SHIPPED TO DROUGHT STATES

Government-Bought Surplus Farm Products Provide Farmers With Food and Feed In 19 Drought-States

More than 55,000,000 pounds of foodstuffs and 15,000,000 pounds of mill feed have been made available by the Federal Surplus Commodities Corporation since June for relief distribution in 19 drought-stricken States. These supplies were obtained by the corporation in connection with activities of the Agricultural Adjustment Administration in removing price-depressing surpluses in certain farm products as a means of improving returns to producers and preventing waste by distributing the excess products to the needy.

The products made available to the drought States include those already shipped since June and those scheduled to be sent into those States shortly. Distribution is in line with the Federal Surplus Commodities Corporation's regular program of distributing surplus farm products for relief use throughout the country where these products can be used to advantage. Considerable quantities of the foodstuffs would have been shipped to the 19 drought States under the corporation's distribution program which provides for shipments of supplies for relief use in all States. Additional quantities of food and feed supplies have been made available to these States, however, because of the drought emergency. Large quantities of these will be used for distribution to needy farmers.

The drought States to which the food and feed supplies were made available are North Dakota, South Dakota, Wyoming, Montana, Minnesota, Colorado, Iowa, Nebraska, Kansas, Arkansas, Missouri, Oklahoma, Texas, Tennessee, Georgia, North Carolina, South Carolina, Kentucky, and Virginia.

Although the different States received varying kinds and quantities of products from the corporation, depending upon the supplies of the particular commodities already on hand in each State and the need for them, the total of each made available by the corporation since June to the 19 States as a group are equivalent to 1,171 carloads of foodstuffs and 376 carloads of mill feed.

The following shows the kinds and quantities of products made available to the drought States as a group: Flour, 33,103,800 pounds; dry skim milk, 440,550 pounds; dried peas, 1,320,000 pounds; prunes, 1,320,000 pounds; dried beans, 620,000 pounds; canned beef, 4,200,000 pounds; fresh peas, 2,560,000 pounds; fresh pears, 7,757,500 pounds; dried prunes, 900,000 pounds; fresh vegetables, 432,000 pounds; dried peaches, 2,390,000 pounds; mill feed, 15,040,000 pounds.

proximately three-quarters of the District of Columbia's milk supply comes from Frederick and Montgomery Counties in Maryland and Fairfax, Loudoun, and Fauquier Counties in Virginia. The remainder of the supply is produced in the more distant counties of Maryland and Virginia and some in West Virginia.